

CURRENT FLASHES

CEDAR-KNOX PUBLIC POWER DISTRICT

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Possible Affects of Climate Change Legislation

Concern that human activity is changing our earth's climate has gotten the attention of many in Washington. Lawmakers are considering legislation that would attempt to curb the amount of carbon dioxide (CO₂) that is emitted into the atmosphere from coal-burning electrical generation plants. Nearly 2/3 of Nebraska's electricity comes from this type of generation resource. Debate is expected to take place later this year on cap-and-trade legislation and also renewable portfolio standards.

Cap-and-Trade

Under cap-and-trade, the government would set a "cap" on the total CO₂ emissions that would be allowed. Companies would be issued, or be forced to purchase permit allocations to cover a certain amount of their emissions. If the allocated allowances were not sufficient to cover all emissions, they would be required to purchase additional credits or pay expensive fines. If these allowances are distributed under an auction system as the Obama Administration would like, Wall Street speculators could have a dramatic affect on the price of our electricity.

Renewable Portfolio Standard

A national renewable portfolio standard would mandate that each utility would have to have a certain percentage of their energy production come from a renewable source. Our power supplier, the Nebraska Public Power District (NPPD), currently has a goal to reach 10% renewable by the year 2020. Reaching this goal will require adding a wind farm the size of the Elkhorn Ridge project near Bloomfield, every other year through 2020. If a national renewable portfolio standard were put into place, NPPD would have to make arrangements to meet the new criteria – and its time lines.

That could mean adding more wind sooner. NPPD and other private companies from outside Nebraska have been busy negotiating wind rights deals with local landowners partly in anticipation of this.

Costs

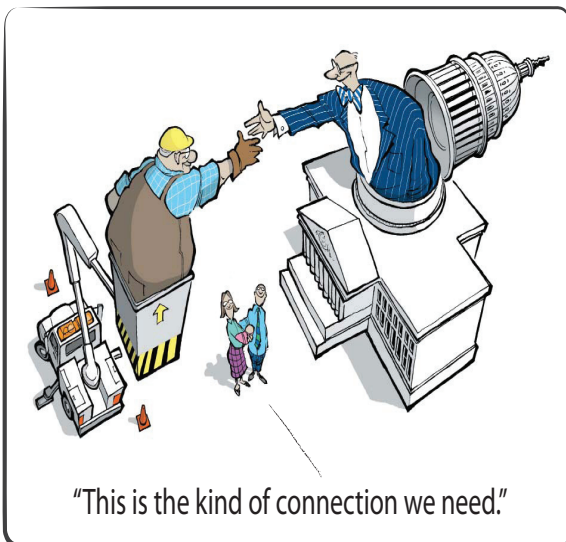
Unfortunately these things will lead to higher costs. Buying credits to be able to operate the existing generation and adding more renewable resources to meet aggressive mandates would be very costly. Estimates vary but depending on final legislation, electricity prices could increase dramatically. Lawmakers need to consider the economical impacts that climate-change legislation will have on consumers. The decisions that are made today will have long-lasting effects on our electricity prices and our rural economy.

A balanced approach to CO₂ reduction that includes increased efficiency, conservation, renewable energy and nuclear energy will help reduce our carbon footprint and keep cost increases tolerable.

If you want to help keep electricity reliable and affordable, go to www.ourenergy.coop and join the "Our Energy Our Future" campaign. It's simple and you will be joining nearly 300,000 other Americans that have asked their representatives tough questions about our energy future through this campaign.

FROM THE DESK OF
THE MANAGER

DAN LEISE



Public Power and Congress, together we can keep electricity affordable

These are hard economic times for America's families. Many are struggling to afford the basics: food, housing, and energy.

In fact, the cost of electricity is up 40 percent since 2002 and projected to go even higher—and today's electricity supplies won't be able to keep pace with future demand.

We need an answer right now to keep our electricity affordable.

The solutions won't be easy—but America's electric cooperatives are ready to work with Congress toward an energy plan we can all afford.

Ask your elected officials to work with America's consumer-owned, not-for-profit electric cooperatives and public power districts. Together we can face these hard times with resolve to build a brighter future.

Visit www.ourenergy.coop and get started.

